INFORMATION LETTER

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Advance Report on C.&T.R. Institutional Handling-Cost Study Presented at Editorial Conference of Restaurant Magazines

Quality assurance and cost savings are possible to the institutional operator with the use of canned foods, according to a progress report of the current N.C.A. Consumer and Trade Relations Program study, as reported May 6 at the Institutional Food Editorial Conference, in Chicago.

Leo Nejelski, of Nejelski & Co., management counsel, whose firm is conducting the study, told the institutional food editors that "it is high time for the restaurant operator to examine the folk tales of his profession and balance tradition against realities, selecting products on the basis of merit rather than sentiment."

The Nejelski study, which has two or three months more of survey time to go, was authorized by the C.&T.R. Committee, and this advance report took up the principal time of the period allotted to the N.C.A. at the Conference.

Katherine R. Smith, Director of the N.C.A. Consumer Service Division, greeted the audience, mentioning that this year the canning industry is celebrating its 150th anniversary, and is highlighting the anniversary year with an investigation of the role of canned foods in the restaurant and institutional field.

J. B. Weix, Jr., Chairman of the C.&T.R. Committee, spoke of the industry's interests in the institutional market and outlined the objectives of the Nejelski study, which he characterized as a fact-finding study of the profit potential of canned foods in that area.

The Nejelski study covers metropolitan centers in the East, Midwest, and West and examines the problems of all types of eating establishments: restaurant chains, hotels, drive-ins, schools, cafeterias, in-plant food establishments, hospitals, and others. His preliminary report indicated that canned foods have many decisive advantages in maintaining consistent quality while cutting costs.

For example, a comparison of beef stew made with fresh and canned vegetables indicates that a restaurant operator can save 18 percent of his preparation costs by using the canned products. A comparison of using fresh or canned carrots reveals an even more dramatic saving of 65 percent in preparation costs, as the canner has performed all the chores of trimming, cleaning, dicing, and cooking. Moreover, in a labor market where fast turnover has become the rule, he can rely on the canned vegetables for taste, quality, vitamin content, and appearance, irrespective of who is preparing them.

Canned food costs compared favorably with frozen foods, not only because of more economical storage conditions, but from more economical preparation. An apple pie prepared with frozen apples, for example, costs 42 percent more to prepare than the same pie made with the canned product.

Another economy accorded restaurant operators in the use of canned foods is a possible reduction of the ratio of kitchen space to dining area. Mr. Nejelski cited an example of a 20 percent reduction in kitchen dimensions permitting an increase in sitting space, all due to a maximum use of such prepared foods as canned vegetables and fruits. This same factor effected a great saving and preparation time likewise.

Dudley-Anderson-Yutzy, public relations counsel for the C.&T.R. Program, made arrangements for the program presentation and prepared handouts and releases of the Nejelski report.

Vice President of N.A.M. To Address Board Meeting

The guest speaker at the spring meeting of the N.C.A. Board of Directors will be Ralph Theodore (Ted) Compton, an economist on the staff of the National Association of Manufacturers.

Mr. Compton has been on the Washington staff of the N.A.M. for almost 20 years and is presently Vice President of its Government Relations Division.

He will speak at the luncheon meeting of the Board and the Administrative Council which will formally open the annual spring meeting, to be held in the Statler-Hilton Hotel, Washington, May 19-20.

A native of California, Mr. Compton received two degrees in economics at the University of California and taught there. He subsequently taught economics at Yale and received his Ph.D. degree there.

He is the author of four books on economics.

Mr. Compton served as director of research of the Associated Industries of Missouri for 10 years before joining the staff of the N.A.M. in Washington in 1941. He served simultaneously for a number of years as assistant director and as director of the National Industrial Council, a national organization through which manufacturing trade associations and state and local manufacturers associations cooperate with each other and with the N.A.M.

Mr. Compton was elected to his present position, as Vice President of the N.A.M. Government Relations Division, this year.

1958 Census of Manufactures

During 1958, manufacturers in the canned fruits and vegetables industry made products valued at $3,003 million, an increase of 31 percent over 1954, according to preliminary results obtained by the Bureau of Census in the 1958 Census of Manufactures.

Average employment in this industry increased 2 percent from 1954 to 1958 to a total of 123.4 thousand employees in 1958. Value added by manufacture in the industry amounted to $1,125 million in 1958, an increase of 32 percent over 1954 when the previous Census was taken.

No adjustments have been made in the money figures shown in this report for changes in price levels from 1954 to 1958.

The canned fruits and vegetables industry includes establishments engaged primarily in the canning of

fruits, vegetables, and poultry, and fruit and vegetable juices and in manufacturing preserves, jams, and jellies.

The value of production reported by establishments classified in the canned fruits and vegetables industry consisted not only of products which are primary to the industry but also the value of secondary products, which are primary in other industries, and miscellaneous receipts for contract work and resale of products. The total value of production and other receipts of establishments classified in this industry amounted to $3,003 million. Of this total, about 90 percent were products primary to the industry.

More detailed figures for the canned fruits and vegetables industry will appear in the final Census reports, which are scheduled for publication this summer.

Following is a summary of general statistics for the canned fruits and vegetables industry, 1954 and 1958, according to the preliminary report on the 1958 Census of Manufactures:

	Unit of measure	1954 [1]	1958 [1]	Percent change 1954 to 1958
All employees:				
Number	Thousands	119.8	123.4	+ 2
Payroll	$Million	354.7	424.7	+20
Production workers:				
Number	Thousands	105.6	106.7	+ 1
Man-hours	Millions	206.1	209.1	+ 2
Wages	$Million	276.1	329.8	+20
Value added by manufacture, adjusted [2]	$Million	850.0	1,124.5	+32
Cost of materials, fuel, electricity, and contract work [3]	$Million	1,454.3	1,890.7	+30
Value of production	$Million	2,295.3	3,002.9	+31
Capital expenditures, new	$Million	49.9	54.0	+ 8
Number of establishments with 20 or more employees	Number	998	965	− 3

[1] Excluding Alaska and Hawaii. [2] Adjusted value added by manufacture is the sum of (a) unadjusted value added, plus (b) the difference resulting from the purchase and resale of products without further processing, plus (c) the net change in finished products and work-in-process inventories between the beginning and end of year. [3] Includes cost of products bought for resale without further manufacture, processing or assembly.

Apples for Processing

Notice is given in the *Federal Register* of May 6 that the Agricultural Marketing Service of USDA proposes to revise the U. S. standards for grades of apples for processing. The revisions were developed at the request of the apple processing industry, USDA said, to make the standards conform more closely to current processing practices.

The proposed standards would provide that fruit may be designated as "U. S. No. 1 Top Quality." Apples of this classification must meet all requirements for the U. S. No. 1 grade. In addition, for the new "Top Quality" designation, allowable waste would be limited to no more than 2½ percent, only half as much as is allowed in the U. S. No. 1 grade. The amount of waste allowed in the No. 2 grade would be reduced from 25 percent in present standards to 12 percent.

The proposal also would provide a "Cider Grade."

The proposed standards also would provide more detailed limitations—when terms of a sale call for a lot of apples to meet one of the U. S. grades—for certain types of defects in the tolerances allowed.

In order to provide the industry ample time to study and apply the proposed revision during the coming season, almost a full year is being allowed for comments. Comments must be submitted in writing by March 31, 1961, to E. E. Conklin, Chief, Fresh Products Standardization and Inspection Branch, Fruit and Vegetable Division, Agricultural Marketing Service, USDA.

1959 Pack of Cranberry Sauce

(N.C.A. Division of Statistics)

Container Size	Units per case	1958	1959
		(actual cases)	
211 x 300 / 211 x 206 (6-8 oz.)	48	658,425	640,402
300 x 407 (15-16 oz.)	24	5,130,922	5,886,577
No. 3 cyl. (404 x 700)	12	2,073	298
No. 10	6	264,272	323,067
Misc. tin and glass	..	58,832	137,765
U. S. Total		6,114,524	6,988,109

Wholesale Distributor Stocks of Canned Foods

A report on stocks of 23 canned food items in the hands of wholesale distributors, including retail multi-unit organizations, on April 1 has been issued by the Bureau of the Census, U. S. Department of Commerce.

Distributors' stocks of all but two of the eight vegetables in this survey were above the levels of a year ago. In contrast, canners' stocks of most canned vegetables reflected decreases during the same period.

	April 1 1959	Jan. 1 1960	April 1 1960
	(thousands of actual cases)		
Vegetables:			
Asparagus	673	721	681
Beans, green and wax	2,945	2,863	3,049
Corn	4,042	3,738	4,372
Peas	3,582	3,517	3,748
Sauerkraut	774	810	724
Spinach	580	621	707
Tomatoes	3,130	3,135	3,242
Catsup and chili sauce	2,578	2,270	2,474
Fruits:			
Apples	469	399	427
Applesauce	1,475	1,228	1,303
Apricots	445	748	640
Cherries, RSP	445	435	461
Fruit cocktail	1,593	1,599	1,660
Grapefruit segments	436	357	447
Peaches	3,413	3,777	3,338
Pears	1,182	1,212	1,254
Pineapple	1,917	1,930	1,905
Juices:			
Citrus blends	497	327	492
Grapefruit	890	630	952
Orange	1,181	790	1,202
Pineapple	1,213	1,061	952
Tomato	2,577	2,172	2,305
Fish:			
Maine sardines	254	235	252

1959 Pack of Sweet Potatoes

(N.C.A. Division of Statistics)

State	1958	1959
	(actual cases)	
Md., N. J., and Va.	2,369,187	2,586,995
La., Miss., and Ala.	2,683,752	2,571,463
Ark. and Okla.	491,001	446,257
Other states	512,439	641,491
U. S. Total	6,056,379	6,246,206

Other states include Calif., Ga., N. C., and Texas.

1959 Pack of White Potatoes

(N.C.A. Division of Statistics)

Region	1958	1959
	(actual cases)	
East	1,167,183	1,094,045
Midwest and West	2,196,079	1,908,148
South	583,706	402,935
U. S. Total	3,946,968	3,405,128

East includes Del., Maine, Md., N. J., N. Y., and Va. Midwest and West include Ark., Calif., Colo., Idaho, Ind., Mich., Minn., Okla., Ore., Texas, Utah, and Wis. South includes Ala., Fla., Ga., La., Miss., N. C., and Tenn.

Canners, Can Makers Salute Retailers at S.M.I. Meeting

The N.C.A. joined hands with the Can Manufacturers Institute in salutes to the efficiency of modern retail distribution during the convention this week of the Super Market Institute in Atlantic City.

Executive Secretary Carlos Campbell of N.C.A. presented a testimonial scroll, and President Roger F. Hepenstal of C.M.I. a symbolic gold can to Richard Waxenberger, S.M.I. president, at a luncheon meeting May 4.

The canning industry in 1960 is celebrating the 150th anniversary of the birth of the canning method, started in France in 1810. The scroll presented by Mr. Campbell to S.M.I. acknowledges that canned foods would not have benefited mankind in an important way had it not been for the efficiency of distribution furnished by modern retailers. Canned foods were an instrument of self-service, Mr. Campbell stated, but it took the retailers to provide the system that endowed the public with the rich and civilizing benefits of these products.

Similarly, the can manufacturing industry is observing the sesquicentennial of the first tin can patent in England in 1810. C.M.I.'s commemorative gold can carried an inscription "in recognition of the important role supermarkets have played in the growth of the metal can industry." Mr. Hepenstal stated, "So intimately interdependent have our industries become that it is difficult to picture how the American scene would appear without the tin can or the miles upon miles of gleaming supermarket shelves where all kinds of products are exhibited and sold to the customer."

Mr. Campbell's remarks pointed out that canned foods are an instrument of self-service, and that at the time they became important in the food economy a great volume of customer packaging took place from bulk supplies in the store. Canned foods provided a striking exception to this rule.

"But it wasn't just a one-way deal. Self-service stores helped the canning industry, too. Self-service and canned foods have much in common. Both the supermarket and the canning industry operate with the common precept that you give people the maximum convenience, choice and time-saver for their money.

"With so many mutual benefits, it seems obvious that self-service and canned foods will continue to operate happily together. There is certainly no doubt that both of them are here to stay," stated Mr. Campbell.

Dell 1000 Hints—Barbecue

The June-August issue of *Dell 1000 Hints* magazine, Barbecue Issue, includes a wide variety of canned foods. The entire magazine features articles on barbecuing.

More than 125 canned foods are used in recipes throughout the publication. Articles include new ways to prepare the big four—steak, chicken, burgers and hot dogs—and other meats and sea food, sauces, sandwiches, vegetables and desserts.

Other articles give ideas for various "party-cues" of all types and for all ages, ideas for choosing the site and setting the scene, and many other barbecue hints.

Each article is attractively illustrated with black and white photographs.

Dell 1000 Hints is published quarterly with the entire content of each issue devoted to one subject. It is nationally distributed by the Dell Publishing Company.

Kiwanians Hear about Safety and Purity of Canned Foods

The public service accomplishment of the canning industry in erecting a "protective screen" intended to prevent contaminated raw products from entering the cannery and from entering the process was explained by Executive Secretary Carlos Campbell in an address May 3 at the weekly luncheon meeting of the Bethesda, Md., Kiwanis Club.

Arrangements for Mr. Campbell's appearance had been made by W. D. Lewis, secretary of the Canning Machinery and Supplies Association, who is serving this year as chairman of program and public relations of this group. One of the Kiwanis objectives of the year 1960 is a promotion of farm-city relationship.

Mr. Campbell explained the long-range campaign that man has been obliged to wage against insects and plant crop diseases, pointing out that recent scientific developments of the chemical industry have produced powerful controls over these plant enemies. This has resulted, he said, in the use of some that might be dangerous if not properly used and controlled. His description of the "protective screen" operations of the canning industry and this Association showed that because of such activity canned foods offered for human consumption enjoy the highest degree of safety and security.

Depreciation Methods Summarized in IRS Report

New statistics on depreciation methods used by all active corporations in computing the depreciation claimed on tax returns have been released by the Internal Revenue Service.

For corporations using accounting periods ended between July, 1957, and June, 1958, about 70 percent of the total depreciation was computed by the straight-line method. The declining balance method was used for 16 per cent and the sum of the years-digits for another 11 percent.

Manufacturers of food and kindred products filed 11,554 returns and claimed depreciation on 10,955 of them. A total of $393.5 million was claimed as depreciation by the straight-line method in 10,729 returns, and $145.2 million was claimed in other methods in 3,266 returns.

	—Depreciation claimed—		
	Total	Straight-line method	All other methods
	(*millions of dollars*)		
All industries.....	17,094	12,017	5,077
Manufacturing....	7,540	4,856	2,684
Food and kindred products	538	393	145

The IRS received 1,867 returns from corporations engaged in canning fruits, vegetables, and seafoods. They reported gross receipts of $4.3 billion, costs of $3.3 billion, and aggregate net income of $134.8 million.

Of the total of 1,867 returns from canners, net income was reported on only 1,012 or 54 percent. These firms reported net income of $174.6 million.

Net income was reported on 63 per cent of the returns of all manufacturing corporations and on 63 percent of the returns of all food and kindred products manufacturers.

The data were published in *Statistics of Income—1957-58, Corporation Income Tax Returns* with accounting periods ended July, 1957, to June, 1958. Copies are available from the Superintendent of Documents, Government Printing Office, Washington 25, D. C., for $1.50 each.

N.C.A. 1959 Financial Report

A copy of the audited financial statement of the N.C.A. for 1959 has been mailed to the headquarters office of each member.

USDA Announces Plan To Indemnify Berry Growers

Basic operating provisions of the program to make indemnity payments to cranberry growers for the 1959 crop were announced by USDA May 4.

Payments will be computed to bring growers' value of their 1959 crop up to approximately the average value of cranberries for the previous two seasons. This will be accomplished by paying the difference between what the grower receives for his 1959 crop and a base price of $10.34 a barrel for sound, wholesome berries. An advance payment will be made soon with a final payment scheduled for next fall after sales of the 1959 crop are completed. Payments may range up to, but may not exceed, a total of $8.02 per barrel of cranberries.

Payments will be made to cranberry growers or to growers' representatives for wholesome, marketable cranberries from the 1959 crop disposed of by sale into commercial channels of trade, and for cranberries disposed of by growers or their representatives outside commercial trade channels. Payments may also be made for cranberries donated to charitable or welfare outlets or used for market development purposes if prior approval is obtained from USDA.

Certification as to the disposition of cranberries will be required by the Department. However, no payments will be made for contaminated berries.

Funds for operation of the program will be derived from customs receipts, as provided in Section 32 of Public Law 320, 74th Congress.

Details of the offer to make payments have been worked out with representatives of the Cranberry Institute and they will be mailed soon to cranberry growers and their marketing agencies. Application for payment must be filed by June 20 with the Director, Fruit and Vegetable Division, Agricultural Marketing Service, USDA, Washington 25, D. C.

Establishment of the payment program was announced by the White House on March 30 (see INFORMATION LETTER of April 2, page 115).

"This payment program," Secretary Benson said, "has been undertaken following a promotion program in which industry and Government have cooperated to stimulate the sale of fresh cranberries and cranberry products. Payments made under this indemnity program will help growers whose markets were impaired, through no fault of their own.

"This indemnity program has been designed in such a way as to encourage growers to continue to market their cranberries through established trade channels, and thereby will help to assure consumers of continued plentiful supplies of cranberries and cranberry products."

USDA Invites Bids To Can Diethylstilbestrol Caponettes

USDA on May 4 invited offers to process approximately 12 million pounds of caponettes to canned boned meat. The poultry to be converted was purchased under a program initiated last December as a means of removing from market channels birds which had been treated with diethylstilbestrol.

The USDA purchase program was undertaken to provide an outlet to owners of poultry treated with diethylstilbestrol and divert the product from normal trade channels after Secretary Flemming requested owners of treated poultry to remove the product from the market. His action was taken on the basis that small residues of the drug had been found in the skin, liver and kidneys of treated birds even though the white and dark meat was wholesome.

Processing of the poultry to a canned product will be carried out under continuous inspection of the USDA's Poultry Inspection Service. All skins, livers and kidneys will be removed and destroyed and only the white and dark meat portions of the bird will be canned. This procedure is concurred in by Secretary Flemming, USDA announced, and will provide a food product suitable for general consumer use.

The product will be offered to states for distribution to welfare institutions eligible to receive donated commodities.

Initial offers must be received by USDA by 12 noon (EDT) Thursday, May 12. Delivery will be required no later than 90 days after date of acceptance. Only plants approved for official poultry inspection will be eligible to bid.

If initial offerings are not adequate or acceptable, USDA said, additional offerings will be accepted on subsequent Thursdays.

Offers should be made in accordance with Announcement PY-8 which is being mailed to the industry. Inquiries should be addressed to Henry T. Garringer, Agricultural Marketing Service, USDA, Washington 25, D. C.

The USDA has a total of 12,242,054 pounds of poultry in storage in 39 states.

FCC Eases Requirements on Radio Operator Licensing

The Federal Communications Commission's report and order in Docket No. 12913 has the effect of eliminating the need for Special Industrial Radio Service licensees to have licensed two-way radio operators in charge of base and control station operations.

Failure to have stations operated by properly licensed personnel has in the past been one of the primary causes for disciplinary action cited by the FCC in enforcement proceedings. In considering the comments filed by interested parties, the FCC concluded that the public interest, convenience, and necessity would be served by eliminating the requirement for licensed radio operators at land and fixed stations operating in voice transmission on frequencies above 25 megacycles.

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